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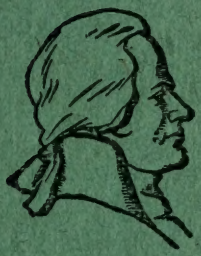
RETAIL STORE MANAGEMENT

By HERBERT S. COLLINS



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Retail Store Management

By
HERBERT S. COLLINS

Vice President and Sales Manager, United Cigar Stores Company

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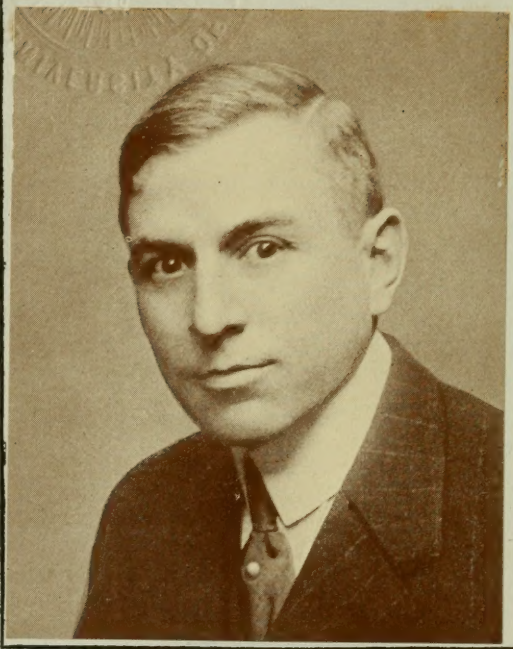

HERBERT S. COLLINS

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Herbert S. Collins was born in 1875. As a boy he came to Syracuse from a farm in Orleans County, New York, and became a clerk in Mr. Whelan's cigar store, eventually becoming the manager of the business. When in 1900 Mr. Whelan was ready to launch the United Cigar Stores Company, Mr. Collins came to New York. He was one of the three salesmen behind the counter in the first store of the United Cigar Stores Company.

As sales manager of the United Cigar Stores, Mr. Collins is constantly devoting his efforts to bringing the store service up to the highest state of efficiency. He keeps in close touch with the work of the salesmen by sending out letters of advice and constructive criticism covering the subject of service. Periodically he makes long trips over the country to talk in person with the men. His pride in having the United Cigar Stores' selling organization "the best in the world" had a beginning when, early in his business career, he first observed the importance of courtesy as a factor in salesmanship. With that idea as a foundation he has applied science to the problems of salesmanship with excellent results.

Mr. Collins is credited with the development of window display in the United Cigar Stores. In the arrangement of goods visible from the sidewalk, he takes special interest, in order that it may dovetail with the other advertising of the store.

Despite the arduous nature of his work, Mr. Collins finds time to indulge a strong predilection for out-door life. He is a devotee of automobiling, golf and fishing. He is a member of the Laurencian Club with a preserve in Canada; of the Beaverkill Trout Club, New York, and of the Greenwich Country Club. His home is in New Canaan, Conn.

NOTE:—This Lecture, which is based upon the author's ripe experience in his special field, should be read in the light of the Modern Business Text, and should be studied as an authoritative message from the field of present-day business activity.

Retail Store Management

By

HERBERT S. COLLINS

It is something quite apart from the intention of this Lecture to make the pretence that in the management of our stores we have done much more than fit the golden rule to the conduct of our business. Those of us who have to do with the organization of the selling force in United Cigar Stores are simply working along the lines of least resistance, in that we seek to do as we would be done by.

Therefore, in putting down a few thoughts on the subject of "Retail Store Management" we would observe that whatever is concrete in this Lecture must be a reflection of our own efforts in that important field.

The relationship of the United Cigar Stores to the public is, in some respects, a peculiar one. Since, as a corporation, we can impart very little of the old-time retail store "personality" to our service behind the counter, we must endeavor to achieve this purpose in another way. Stores like ours, if they are to get into public favor, must do so on account of their general reputation for being well managed, not —as in the case of the individual cigar merchant or

firm—because the owners are personally popular or reliable. We have to systematize the things which make for success in the retail cigar trade and to accomplish this task involves a study that concerns every progressive business man. To ourselves this study never ceases to be interesting, and if there is anything worth the telling in what we have accomplished, we are glad to share it with others of like desire and ambition.

Loyalty the Groundwork

It may be imagined that many difficulties have had to be overcome in bringing this system even to its present imperfect stage of development. For let it be understood, we do not claim to have been more than relatively successful. The groundwork for whatever has been achieved consists in an effort to instill into the heart and soul of every man who represents us—mark the words *represents us*—a governing spirit of loyalty, a strong belief in the organization. Those who work with us are never permitted to lose sight of the fact that they are not mere hired men, but that *they are the company.* In order to be of any practical value, however, this feeling must not be merely a lofty sentiment. It must rest upon the practical element of inherent self-interest.

We have found that in order to keep a man thinking he is part of the game, we must let him play it; we must let him gain some of the rewards of its success. Accordingly, if we have invented or adopted any innovation in retail store management, we lay no

claim to being actuated by philanthropic motives. In "counting in" the men who do the selling for us, we exact of them strict observance of such regulations as we deem necessary in order to attract and hold trade. But we do not expect them to devote their best energies to our interests unless we share with them the material results of their devotion.

To us, this spirit of reciprocity between the company and the clerk is of first importance. On our part it is represented by our plans for furnishing our salesmen—who are all assured of a certain minimum salary—with opportunities to increase their earnings every month thru an increase of their business. Increases are calculated on monthly ratings, which, if exceeded, entitle the salesman to commissions in addition to his salary. In making these ratings the effort is made to put them at figures that will surely earn the commission. All commissions are paid on gross receipts, so that as far as the salesman is concerned, they are without regard to the profits of the store. Under our system of operating, it is volume of business that counts, hence to increase that volume is the earnest aim of every branch of the sales department.

Mutual Ownership

As a reward for the best work along this line, we have in operation another system of store management which we call "Mutual Ownership." A store so operated is to all intents and purposes owned by the store sales manager, except that he has no responsibilities for the payment of bills, for rent, stock,

light, heat, porter's service, etc.,—all these charges being assumed by the company. His sole financial obligation is to pay himself and his assistants out of the commissions he receives on his gross sales, based on a monthly rating. His own salary and the salaries of his assistants depend on their own success in increasing business. This "mutual ownership" plan is a development of cooperative employment which is working out admirably. Its effect is to raise the average of earnings in every store where it is adopted. It throws the men on their own resources to a large extent and gives them a personal interest in their work not readily obtained by a straight salary or commission plan, or by a combination of both.

This, then, is the aim all thru our organization so far as storekeeping is concerned. We seek to inspire our men with the idea that they are not employes, but representatives, on whose ability, willingness and courtesy we depend for securing the public's favor. To the public, we know, *the salesman is the company.* He must truly represent us or we shall go wrong.

Keeping in Touch With Salesmen

To keep the salesman's spirit as a representative always alive, we maintain a department which is constantly at work encouraging our men to be alert in carrying out the aims of the company in its direct contact with the public. Weekly letters written by a vice-president of the company go to the men, carrying to them advice and illustrations which indicate what this service is. The author of these letters is

himself a graduate from behind the cigar store counter, and he speaks to the men out of his experience as well as from the accumulated experience of every one from whom he can draw an apt text for a letter. These methods are only one feature of the company's broad plan for keeping the men in close touch with its policy.

As an example of what this line of endeavor aims to accomplish, the following letter is quoted:

I made the point with our Advertising Department the other day that all of our people in the stores should be termed *Representatives* instead of "employes."

I should like you to always feel that you are a representative of this United Cigar Stores Company, not merely an "employe."

I don't like the term "employe." You are no more an "employe" of the Company than is the President of the Company. True, we are all employed by the Company, but our real position is that of representatives; and you men in the stores are more truly representatives of the Company than the folks in the office; you actually are the Company so far as the public is concerned. The Company must stand or fall, succeed or fail, by your actions, your attitude toward the public, your manner of representing the Company. The public forms its opinion of the Company from you almost entirely.

We can advertise and talk about being determined to please every person who comes into our stores until we are black in the face or dead broke—it doesn't mean anything and won't accomplish anything unless every representative of the Company shows by his own individual manner and spirit that he personally feels himself a part of the Company and feels his responsibility.

Sales Courtesy

Touching upon another phase of the service question we have this letter:

In a talk I had with the head of a great advertising concern the other day, he said the United was not making enough noise about the courtesy which customers get in our stores.

"That 'Thank you' of yours," he said, "is as good a thing to advertise as the Uneeda Biscuit In-er-seal package, or any other great invention of the day. If I were running the United, I would spend a million dollars to tell everybody that courtesy went with every sale—that you thanked everybody for spending his money—that you did not take your big business as a matter of course, as most merchants are apt to do."

But I was afraid to tell this man that even if we thought it good policy to brag about "Courtesy," we wouldn't dare do it. "Why not?" you ask.

Because a forgetful or careless clerk might knock the whole scheme on the head the first time a customer went into our store and having made a purchase failed to get the advertised "Thank You."

Poor service would make our advertising ridiculous—would dispel the good effects of the million-dollar outlay for the advertising—it wouldn't be worth five cents.

To be sure, most of our men do say "Thank You" (and in all other ways keep to our rule of courtesy), and to them all praise—they are real United men.

But every time some one gets tired of doing the right thing, or forgets it, we get a black eye.

Always remember that the very man who does not get courtesy is the very man we want to reach with courtesy.

Take no chances—be courteous to everybody, "Thank You" included.

Office Courtesy

The above letters, chosen almost at random from hundreds that have been used, are quoted simply as illustrations of our constant efforts to keep our men on intimate terms with our aims and intentions. Nor are the men in the stores asked to observe rules of conduct which do not apply "higher up." The following letter, addressed to every official in the general office, was sent out some time ago with what we know to be good results:

I find there are about fifty representatives of this Company in this building whose duties require them to "see" people who

come to this building to see the United about something.

We insist that our store representative please every customer. It is of even greater importance that every visitor leave this building pleased—pleased with his reception and pleased with the attention given him by this Company in its home.

No matter whether a man wants a job, wants to sell the Company something, or wants to ask a favor—no matter what it is, if it is a Company matter, see him. See him as quickly as possible—inconvenience yourself to see him; don't keep him waiting; don't send out and ask what he wants; make it easy for him to see you.

Every person who wants to come to this building to see us is of more importance to this Company than you are, no matter what your position is. If you are engaged, step out a moment and find out yourself what he wants. Smile, shake hands, make him feel at home in the Company's home.

If you have nothing for him and can do nothing for him, be sorry about it, thank him for coming to see you, let him go away glad that he came in. Make him feel always that he knows a very nice fellow up at the "United" office. Make it sure that he will always have a kindly feeling and a good word for the "United." You are a representative of this Company, and it is your duty to do this every time.

This company—we, you and I—depends entirely on the goodwill of the public, and in our own interest we must, at every point where this Company comes in contact with the public, give the very best service possible. Good service in this building consists of promptness, courtesy and kind words.

Complaint Department

Nor is the public's right to know what the company's policy is, ever forgotten. Everything in our power is done to let the public know what we expect of our stores, and what they have a right to expect of them. A department is maintained to receive and adjust complaints of all kinds that are left unsettled in the store. This department is personally super-

vised by a director of the Company in order that quick action may be given to every complaint, for in such an important matter red tape should be cut with a sharp knife instead of being slowly unwound. Whenever possible, complaints, involving poor service, are handled, not by correspondence, but by a visit to the aggrieved customer by a representative of the Company. There is no limit to the length we will go in order to hold the favor of a customer, even if what has offended him leaves open the question of our guilt.

Plan of Managing Stores

In everything we strive to steer a course to keep out of the way of trouble. Our plan of management, for example, contemplates that the store sales manager shall stock and control his store so as best to meet the conditions existing in the particular neighborhood in which he is located. He has the widest range of discretion in selecting his stock, and can order supplies with freedom to accord with the popular demand. Of course, he is expected to further the sale of certain staples, which are regarded as unusual values, but for the most part his chief responsibility is for good service, and the proper conduct of his store. Monthly inventories keep it straight from the accounting or auditing standpoint, and the nearer he is to our standard of correctness the better his records and the greater his reward. Our stores are constantly under the supervision of district sales managers, assigned to territory permitting daily visits.

To them the store sales managers are responsible for the condition of their stocks and the cleanliness and good order of their stores. Under this form of inspection, goods must not only be attractively arranged, but must be in marketable condition. This is where efficient storekeeping counts as an adjunct to good salesmanship.

And in this matter of storekeeping, nothing is more important, especially in the cigar business, than keeping the stocks fresh and marketable. To do this we maintain three depots—one in New York, one in Chicago and one in San Francisco—for the distribution of goods to the various sections of the country, and from these distributing points the stores draw their supply of orders made out in the stores.

Accounting Records

Each day's business in a United Cigar Store is a unit by itself, but at intervals of seven, fourteen and twenty-one days and at the end of the month, the general office knows what shipments have gone to each store in every line of goods. Reports of receipts are transmitted to the general office every day and are compiled for quick reference. At three o'clock in the afternoon of every week day each store deposits its recepits in a bank designated for the purpose—a sufficient amount for change being, of course, retained. This course is followed in every one of the 250 cities in which the Company operates stores. In compiling the records of the store, separate account is kept of sales of cigars by the piece and by the box.

Every price in United Cigar Stores is effective only after authorization by the auditing department, in order that the monthly inventories may be kept straight. These inventories are taken by crews of trained men who, after setting down the figures, have the report in each case verified by the signature of the store sales manager. These inventories are really the test of the efficiency of store sales managers as storekeepers. The system is believed to be a well-nigh perfect safeguard, both against carelessness and dishonesty in store management.

General Policy

Reference herein to one or two features of our effort to close the gap between the general office and the store will probably suggest to the reader that the United is a corporation of active spirits. Every one of the eleven directors sits at a desk managing a department of some important branch of the business. The enthusiasm which they contribute to their work passes down the line even to the men in the lowest ranks. Thus the executive heads of the organization keep in close touch with the operation of the store, and in their capacity as directors they are able to impress on the selling force the vital importance of firmly maintaining the company's policy. There is more in this impression, we believe, than is apparent at first glance. Our men place a higher estimate on the commands of superiors who, as coworkers with them, are in a way on the same level, than if the directors or any number of the board were simply cap-

italists whose interest in the Company was solely that of investors.

Obviously, a mere review of our methods of store management must leave out of consideration a thousand and one matters of detail which enter into the question of planning for protection, tho all have a direct bearing on the final results. These details constitute important contributions to success, whether they relate to the contentment of the salesman, the satisfaction of the customer, or the profit of the owner. No one of these considerations should be permitted to outweigh the others, for whenever there is a failure to observe one the whole structure is thereby weakened. The art of merchandising requires that all three be kept at the highest possible pitch of efficiency. The system which achieves this in the completest manner is sure to bring the largest returns.

Applying "United" Principles to the Drug Business

During the years 1914 and 1915 opportunity presented itself to prove that the system of retail store operation developed in the United Cigar Stores could be applied just as successfully to any other retail business. A chain of more than one hundred large drug stores, established in the eastern states (the Riker-Hegeman Company) had been acquired by United interests and the work of installing the United system began. This was the largest retail drug business in America, and it had been built up largely by amalgamation of smaller chains of stores.

The drug business had never been systematized,

and it was the opinion of nearly all drug men that it never could be. A principal difficulty was found in the difference in size between a cigar store and a modern drug store. The former carries about sixteen hundred different items or brands of merchandise and has on the average three salesmen per store. The drug store, on the other hand, carries about eighty-five thousand items or brands of merchandise, and has from thirty to one hundred and twenty-five employes.

One hundred and ten drug stores were doing a volume of business almost equal to that of nine hundred cigar stores. In order to instal a system of frequent retail inventories in the drug stores, it became necessary to use a larger number of office, detail and auditing people than was required for the cigar stores. Within two years' time, the United's system of retail store checking and operation showed a saving of several hundred thousand dollars a year.

Of course, the same principles of salesmanship and store service to the consumer that apply to the cigar business also apply to the drug business, just as they apply to every kind of retail business.

The substance of this store service is that every customer must be served promptly, politely and to his complete satisfaction. Right or wrong, the customer is right. Every representative knows that his business is to please the customer.

Without quibble or argument, without regard to profit, the customer must leave the store perfectly satisfied with the service and glad to come again.

Training "United" Salesmen

In order that they may have complete confidence in the goods they handle, our representatives have always been encouraged to study and find out for themselves the truth as to quality and value of every line of merchandise carried in the store. Our representatives' confidence in the goods is easily imparted to the customer, and as time goes on there is a constantly increasing good-will accruing to the Company's stores. New merchandise is first introduced to heads of departments at regular meetings held for this purpose, where a thoro knowledge of the character, type and quality of the goods is acquired and later imparted to the sales people.

The Cigar Stores Company requires that each new employe attend its training school for at least two weeks. During that time the rudiments of store work can be acquired and the question whether or not the man is qualified to become a good representative can be determined. In this school various books relating to the Company's business are used, including a store manual, covering practically every detail of store work, a text-book on cigars, tobacco and brands, and an office instruction book. The officials of the Company, without exception, are graduates of retail cigar stores and behind-the-counter work, and they realize that a properly conducted retail store is an ideal institution in which to acquire a practical business training. During the last ten or twelve years, hundreds of ambitious young men have come up from behind the

counters into important positions. The process of growth and development is continuous.

United Stores' Apprenticeship

The young man who has enough ambition to make a good showing in a high school, business college or preparatory school, who takes a natural interest in commercial life and feels that he would like to make business his career, can usually step into a unit of the United Cigar Stores where the opportunity for studying and acquiring a practical knowledge of scientific merchandising is among the best. If he is determined to study and master the business of retail store operation and merchandising, he acquires a valuable business training and at the same time makes wages above the average.

The methods and manner of conducting stores and the principles necessary to be followed in order to become a successful retail merchant have been worked out and constitute the rules under which each United cigar store is operated. Energy, patience and honesty are the qualifications necessary to the young man who desires to become a competent merchant.

The intelligent, ambitious young man who enters the United service with the idea of making himself a master of storekeeping and salesmanship, if he applies himself conscientiously for a few years to the principles of successful retailing, may not only become a store sales manager, a district sales manager, superintendent or official of the Company, but may acquire such proficiency in merchandising that his

services are in demand for important positions in other concerns. Still more valuable to him is the knowledge and experience he has acquired which qualifies him to enter business for himself with every prospect of success.

In stores such as the United Cigar Stores, a salesman is not only out in the limelight where his merits and character show plainly, but he is always on trial or examination, because nearly every transaction with a customer, fellow-employe, or manager is to some extent a test of his adaptability and an indication of his capacity for successful contact with other minds.

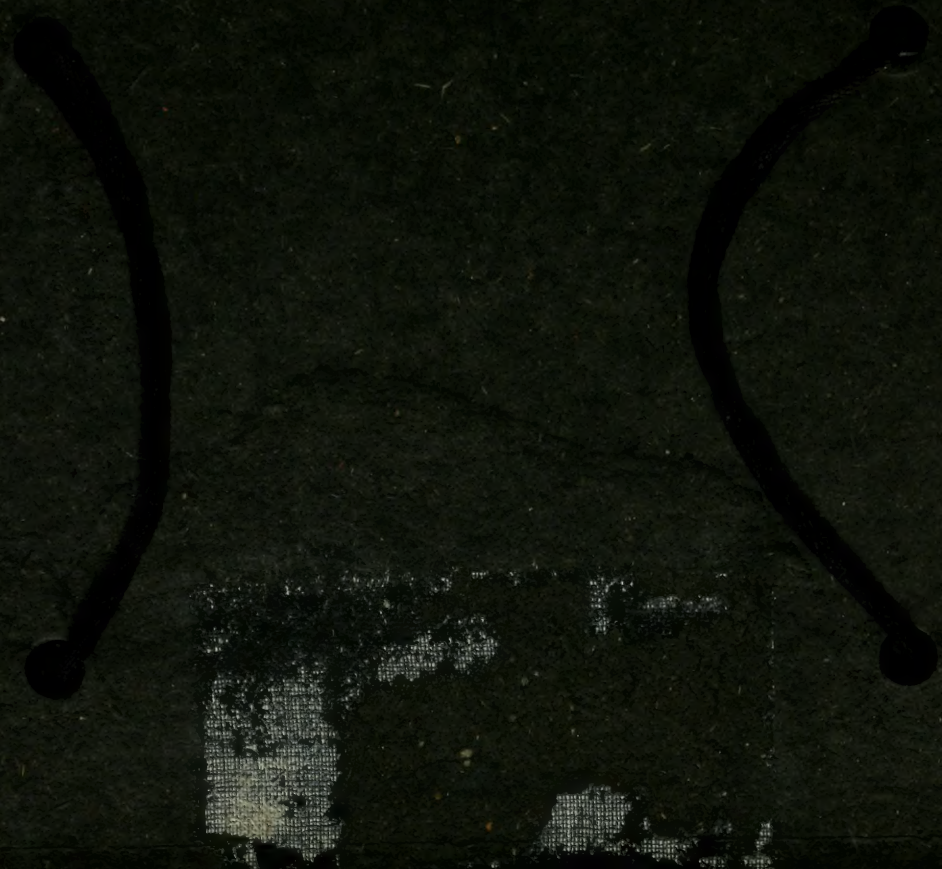
The young man who conscientiously studies merchandising in a United store for a few years is likely to develop character and gain more useful, practical, all-around knowledge of life and its requirements than he could obtain by merely attending college.

In school or college a student's papers are marked for him to indicate his standing in the different studies. In the United school of real business life one must mark his own papers. Only the man himself can truly judge his work. The value of his work cannot be measured by the pay envelop alone, since the man who is making true progress is getting for himself something that never can be taken away from him—something worth more to him than the contents of his pay envelop.

A knowledge of the merchandise itself, prices, sizes and styles, etc., may require plenty of thought and study, but this is merely the A B C of business.

A knowledge of human nature, and the application

of such knowledge to business may be acquired thru the experience of selling behind-the-counter. In the course of a few years of conscientious effort such study qualifies a man for successful business, and is worth more to him than can readily be calculated.



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